

INPUT

**COMPETITIVE ANALYSIS REPORT
FOR EDS CANADA**

June 11, 1992

Submitted by:

INPUT

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COMPETITIVE
ANALYSIS
REPORT
FOR EDS
AUTHOR CANADA

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I. INTRODUCTION

A. Overview

- This report has been prepared for EDS Canada to provide information on a group of companies competing in the Canadian marketplace for information services.
- The objective of the report is to obtain information on the sources of revenue, industries and geographic areas, for selected companies involved in the IT industry in Canada.
 - The specific companies include:
 - ISM
 - CGI
 - LGS
 - DMR
 - SHL
 - The industries of interest are:
 - Government (provincial and federal)
 - Manufacturing (discrete and process)
 - Insurance
 - Financial Services (banking, finance, brokerage)
 - Utilities
 - Others (including retail and wholesale distribution, transportation, health, communications, education, business services)
 - The geographic regions of interest are:
 - Ontario
 - Quebec
 - Eastern Canada (including Nova Scotia, Newfoundland, New Brunswick, and P.E.I.)
 - Western Canada (including Manitoba, Saskatchewan, Alberta, and British Columbia)

- For each of the companies specified above, the 1991 revenue in the Canadian IT market is broken down as follows:
 - Revenue of each company
 - The percentage of each company's revenue contributed from the specified industry groups
 - The percentage of each firm's revenues contributed from each of the four regions
 - Each company's percentage of the Canadian IT market for the industry groups specified.
- The dollar figures will be in Canadian dollars.
- The IT industry will be defined as the sum of the information services delivery modes for which INPUT supplies data to EDS on an ongoing basis.
 - Processing services
 - Network services
 - Software products
 - Turnkey systems
 - Systems integration
 - Systems operations (outsourcing)
 - Professional services

B. Methodology

INPUT used telephone interviews with the vendors concerned and other sources of information on the Canadian market to supplement the forecast database that it has developed for the Canadian information services market to answer the requirements of EDS Canada.

II. ORGANIZATION OF REPORT

- Chapter III contains profiles of each of the vendors specified by EDS Canada. The data listed in the profiles is in answer to the information needs developed by EDS.
- Chapter IV contains a summary page with an overview of the information collected and the markets of interest. Other information is also presented in Chapter IV to provide a fuller description of the Canadian information services market.



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III. VENDOR PROFILES

COMPETITIVE ANALYSIS REPORT

FOR EDS CANADA

Competitor: **ISM**

1991 Annual Revenue
from Canadian Market
(Canadian \$MM) **316**

Industry Markets for Information Technology (using INPUT definitions)

<u>Market</u>	<u>1991 Revenue from Market</u>	<u>Percentage of Vendor Revenue</u>	<u>Percentage of 1991 Industry Market</u>
Government (Federal and Provincial)	75.8	24.0	7.7
Manufacturing (Discrete & Process)	44.2	14.0	16.0
Insurance	9.5	3.0	4.2
Finance (Banking, Finance, Brokerage)	37.9	12.0	5.3
Utilities	27.2	9.0	27.4
Other	121.4	38.0	-

Geographic Markets

<u>Market</u>	<u>Percentage of Revenue</u>
Ontario	66
Quebec	1
Eastern Canada	1
Western Canada	32

COMPETITIVE ANALYSIS REPORT

FOR EDS CANADA

Competitor: **CGI**

1991 Annual Revenue
from Canadian Market
(Canadian \$MM) **62**

Industry Markets for Information Technology (using INPUT definitions)

<u>Market</u>	<u>1991 Revenue from Market</u>	<u>Percentage of Vendor Revenue</u>	<u>Percentage of 1991 Industry Market</u>
Government (Federal and Provincial)	25.7	41.0	2.6
Manufacturing (Discrete & Process)	10.6	17.1	1.3
Insurance	5.9	9.5	2.6
Finance (Banking, Finance, Brokerage)	4.6	7.4	0.7
Utilities	1.3	2.1	1.3
Other	17.9	22.9	-

Geographic Markets

<u>Market</u>	<u>Percentage of Revenue</u>
Ontario	45
Quebec	46
Eastern Canada	-
Western Canada	9

COMPETITIVE ANALYSIS REPORT

FOR EDS CANADA

Competitor: **LGS**

1991 Annual Revenue
from Canadian Market
(Canadian \$MM)

44

Industry Markets for Information Technology

(using INPUT definitions)

<u>Market</u>	<u>1991 Revenue from Market</u>	<u>Percentage of Vendor Revenue</u>	<u>Percentage of 1991 Industry Market</u>
Government (Federal and Provincial)	20.2	46.0	2.1
Manufacturing (Discrete & Process)	3.1	7.0	0.3
Insurance	2.6	6.0	1.2
Finance (Banking, Finance, Brokerage)	3.1	7.0	0.4
Utilities	1.3	3.0	1.3
Other	13.7	31.0	-

Geographic Markets

<u>Market</u>	<u>Percentage of Revenue</u>
Ontario	49.5
Quebec	45.0
Eastern Canada	1.0
Western Canada	4.5

COMPETITIVE ANALYSIS REPORT

FOR EDS CANADA

Competitor: **DMR**

1991 Annual Revenue
from Canadian Market
(Canadian \$MM) **112.5**

Industry Markets for Information Technology (using INPUT definitions)

<u>Market</u>	<u>1991 Revenue from Market</u>	<u>Percentage of Vendor Revenue</u>	<u>Percentage of 1991 Industry Market</u>
Government (Federal and Provincial)	36.0	32.0	3.7
Manufacturing (Discrete & Process)	7.9	7.0	0.1
Insurance	9.0	8.0	4.0
Finance (Banking, Finance, Brokerage)	9.0	8.0	1.3
Utilities	18.0	16.0	18.2
Other	32.6	29.0	-

Geographic Markets

<u>Market</u>	<u>Percentage of Revenue</u>
Ontario	33
Quebec	50
Eastern Canada	2
Western Canada	15

COMPETITIVE ANALYSIS REPORT

FOR EDS CANADA

Competitor: **SHL**

1991 Annual Revenue
from Canadian Market
(Canadian \$MM) **345**

Industry Markets for Information Technology (using INPUT definitions)

<u>Market</u>	<u>1991 Revenue from Market</u>	<u>Percentage of Vendor Revenue</u>	<u>Percentage of 1991 Industry Market</u>
Government (Federal and Provincial)	141.5	41.0	14.4
Manufacturing (Discrete & Process)	-	-	-
Insurance	75.9	9.0	4.4
Finance (Banking, Finance, Brokerage)	62.1	7.0	3.4
Utilities	16.8	5.0	17.0
Other	48.7	38.0	-

Geographic Markets

<u>Market</u>	<u>Percentage of Revenue</u>
Ontario	88
Quebec	2
Eastern Canada	1
Western Canada	9

IV. MARKET SUMMARY

SHARE OF INDUSTRY MARKETS

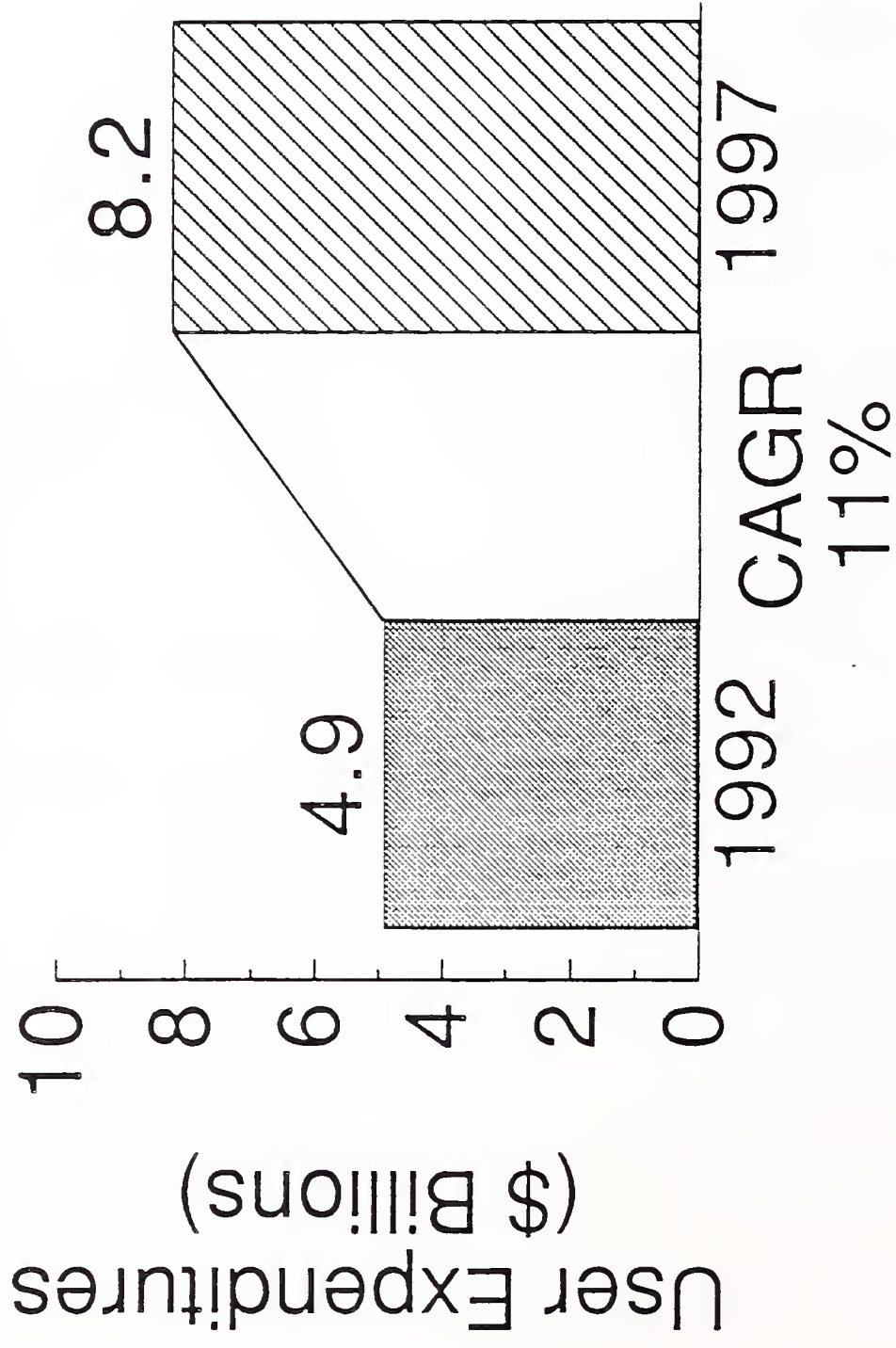
Percentages of Markets (1991)

<u>Vendor</u>	<u>Government</u>	<u>Manufacturing</u>	<u>Insurance</u>	<u>Finance</u>	<u>Utilities</u>
ISM	7.7	16.0	4.2	5.3	27.4
CGI	2.6	1.3	2.6	0.7	1.3
LGS	2.1	0.3	1.2	0.4	1.3
DMR	3.7	0.1	4.0	1.3	18.2
SHL	14.4	-	4.4	3.4	17.0
TOTAL MARKET (Canadian \$MM)	983	791	225	713	99

Markets of Selected Other Vendors

<u>Vendor</u>	<u>Government</u>	<u>Manufacturing</u>	<u>Insurance</u>	<u>Finance</u>	<u>Utilities</u>
Andersen and Other Big 6	X	X	X	X	X
DEC	X	X	X	X	X
IBM Canada	X	X	X	X	X
IST	X		X	X	
GE	X	X		X	
PMS Inc.			X		

Canadian Information Services Market



Business Environment

- Recession
- Impact of free trade
- Low productivity
- Federal budget and taxes
- Need for improved business systems and telecommunications
- Limitations on funding automation

WMCN3 II-1

Key Technology Trends

- Relational data base technology
- Network expansion
- Client/server introduction
- Expanded use of EDI
- Integration of applications

WMCN3 11-8

Largest Gains in Info. Services Delivery Modes

Delivery Mode	CAGR '92-'97	Proj. Add'l. Bus. '92-'97 (\$100 M)
Prof. Serv.	12	871
Appl. SW Prod.	13	640
Sys. Ops.	22	505
Sys. Int.	9	385

WMCN3 II-6

Key Conclusions and Recommendations

- Key Conclusions
 - Significant impact from recession and free trade
 - Highly cost-conscious user market

WMCN3 II-10a

Key Conclusions and Recommendations

- Key Conclusions
 - Vendor reputation and strength are important
 - Canadian vendors can be favored

WMCN3 II-10c

Key Conclusions and Recommendations

- Recommendations
 - Anticipate price-focused competition
 - Anticipate need for network and RDBMS skills

About INPUT

INPUT is a worldwide consulting and market research firm uniquely focused on the information technology services and software markets. Executives in many technically advanced companies in North America, Europe, and Japan, rely on INPUT for data, objective analysis, and insightful opinions to support their business plans, market assessments, and technology directions. By leveraging INPUT's considerable knowledge and expertise, clients make informed decisions more quickly, and benefit by saving on the cost of internal research.

Since 1974, INPUT has compiled the most extensive research base available on the worldwide information services market and its key segments, providing detailed market forecasts, vertical industry sector analysis and forecasts and analysis of vendor strategies and products. INPUT delivers specific expertise in the fast changing areas of outsourcing, systems integration, EDI/electronic commerce, software development/CASE, and the impact of downsizing.

Consulting services are provided by more than 50 professionals in major international business centers. Clients retain INPUT for custom consulting/proprietary research, subscription-based continuous advisory programs, merger/acquisition analysis and detailed studies of U.S. federal government IT procurements.

Most clients have retained INPUT continuously for a number of years, providing testimony to INPUT's consistent delivery of high-value solutions to complex business problems. To find out how your company can leverage INPUT's market knowledge and experience to gain a competitive edge, call us today.

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